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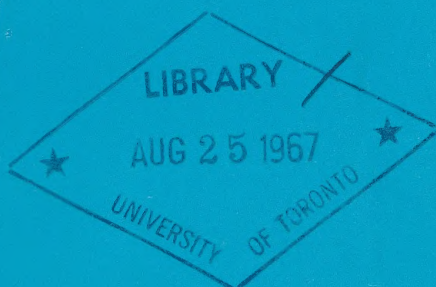


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INTERLAKE AREA OF MANITOBA

***Federal-Provincial
Rural Development
Agreement***




1967

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DEPARTMENT OF FORESTRY AND RURAL DEVELOPMENT

CANADA



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INTRODUCTION

May 18, 1977

**AGREEMENT
COVERING A COMPREHENSIVE
RURAL DEVELOPMENT PLAN
FOR
THE INTERLAKE AREA OF MANITOBA**

The Interlake Area is a region of Manitoba, Canada, which is characterized by its rural nature and its potential for development. The area is located in the central part of the province and is bounded by the Red River to the north, the Assiniboine River to the west, and the Winnipeg River to the east. It is a region of great natural beauty and has a rich cultural heritage. The area is home to many of the province's most important agricultural and industrial resources. It is a region of great potential for development and is a key area for the province's future growth.

The Interlake Area Development Plan was developed by the Interlake Area Development Committee, which was established in 1974. The plan is a comprehensive document that outlines the development needs of the area and provides a framework for future development. It is a key document for the province's rural development strategy and is a key tool for the province's rural development program. The plan is a key document for the province's rural development strategy and is a key tool for the province's rural development program. The plan is a key document for the province's rural development strategy and is a key tool for the province's rural development program.

1. The two governments hereby select a working party to develop a plan for the Interlake Area.

THE GOVERNMENT OF MANITOBA
AND THE GOVERNMENT OF CANADA
1977

MANITOBA GOVERNMENT

Published under the authority of
The Honourable Maurice Sauvé, P.C., M.P.,
Minister of Forestry and
Rural Development
Ottawa, 1967

ROGER DUHAMEL, F.R.S.C.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1967

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AGREEMENT COVERING A COMPREHENSIVE RURAL DEVELOPMENT PLAN FOR THE INTERLAKE AREA OF MANITOBA

INTRODUCTION

On May 16, 1967, the Government of Canada and the Province of Manitoba signed an agreement for developing the Interlake Area. This was the third comprehensive plan to be set in motion by the Fund for Rural Economic Development, commonly known as FRED. Two other agreements, between the Government of Canada and the Province of New Brunswick were signed on September 20, 1966.

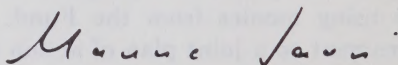
FRED provides a means of financing and carrying out certain comprehensive, rural area development programs. It is aimed at rural areas where the roots of economic and social stagnation go so deep that the normal programs of governments for rural areas and rural people cannot be expected to bring about a rapid improvement. These are the areas that are held down by the self-perpetuating evils of poverty, lack of social capital and development, and inadequate education.

The FRED Act was passed by Parliament in May 1966. As amended in March 1967, it permits a federal expenditure of \$300,000,000 from the Consolidated Revenue Fund. The federal government may sign an agreement with any province to implement a comprehensive plan of social and economic development in an area that has special and urgent needs. The agreement specifies programs to be implemented by various agencies of the federal and provincial governments, programs to be implemented through ARDA, and special new programs to be cost-shared with provinces using monies from the Fund. It commits both levels of government to a joint plan of action and administrative arrangements for implementation. A number of steps are required leading to these arrangements.

1. The two governments jointly select a problem rural area for special attention.

2. A group is established to study the problems and potentials of the area, to undertake research and to enlist the co-operation of the local people.
3. The group submits its proposals for a strategy of development, with plans and programs, to senior officers of the federal and provincial governments.
4. These officers make recommendations to their respective governments, covering the roles assigned to existing federal and provincial services, as well as to any new programs. The federal government may undertake part of the plan, while the provincial government carries out the remainder, and the two governments may share the cost of projects undertaken by the province.
5. Since several federal agencies are usually involved, a board of deputy ministers and assistant deputy ministers advises the federal minister on the participation of the federal government in the plan.
6. The comprehensive rural development agreement is submitted to the federal and provincial cabinets. Then follows the signing of the agreement, which, in the case of the Interlake Area of Manitoba, committed the two governments to share an expenditure of over \$85,000,000.

The pages that follow give the Interlake agreement in full. They show how it is intended that the plan will assist greatly in meeting the region's problems of low levels of education and skills, unemployment and underemployment, low income and ineffective use of resources. Successful implementation of this comprehensive approach will result in marked improvement of incomes and standards of living in the area within a decade.



Maurice Sauvé,
Minister of Forestry
and Rural Development,
Ottawa.

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AGREEMENT COVERING A COMPREHENSIVE RURAL
DEVELOPMENT PLAN FOR
THE INTERLAKE AREA OF MANITOBA

MEMORANDUM OF AGREEMENT made this sixteenth day of May,
1967.

BETWEEN

THE GOVERNMENT OF CANADA
(hereinafter referred to as "Canada") represented
by the Honourable Maurice Sauvé, Minister of
Forestry and Rural Development of Canada

OF THE FIRST PART,

AND

THE GOVERNMENT OF THE PROVINCE OF
MANITOBA

(hereinafter referred to as the "Province")
represented by the Honourable Duff Roblin,
Premier of the Province of Manitoba

OF THE SECOND PART.

WHEREAS the Interlake rural area, hereinafter referred to as
"the Area", has experienced widespread low income, has sub-
stantial adjustment problems and has significant development
potential;

AND WHEREAS Canada and the Province have jointly agreed
that it is desirable that the Area have a comprehensive and co-
ordinated development plan designed to promote its economic
development, to increase income and employment opportunities
and to raise standards of living;

AND WHEREAS the *Fund for Rural Economic Development Act*,
14-15 Elizabeth II, c.41, hereinafter referred to as "the Act",
provides for the implementation of a Comprehensive Rural Devel-
opment Plan under such conditions;

AND WHEREAS Canada and the Province jointly agree that the
Area, shown on the map attached hereto as Schedule "A", shall be
designated a Special Rural Development Area as defined in s.5(b)
of the Act;

AND WHEREAS Canada and the Province have jointly agreed on a Comprehensive Rural Development Strategy for the Area and on a plan for its implementation as described herein;

AND WHEREAS His Excellency, the Governor-in-Council by Order-in-Council P.C. 1967-898 of May 9, 1967 has authorized the Minister of Forestry and Rural Development to execute this Agreement on behalf of Canada;

AND WHEREAS His Excellency the Lieutenant Governor-in-Council by Order-in-Council 600-67 has authorized the Premier to execute this Agreement on behalf of the Province;

NOW, THEREFORE IT IS AGREED BY AND BETWEEN THE PARTIES hereto as follows.

1. The area of Manitoba within Census Divisions 9 and 12, the Municipality of St. Andrews in Census Division 5, and that part of the Municipality of St. Clements lying west of Range 7 East, described on the map attached hereto as Schedule "A", shall be designated as the Special Rural Development Area under this Agreement and s.5(b) of the Act (for the purposes of fisheries and manpower programs those fishermen who work the major lakes adjoining the Area shall be deemed to be residents of the Area) and the strategy in respect of the Area and defined by s.5(a) of the Act, shall form the subject matter of this Agreement.

2. Definitions:

- (a) Development—The means, as outlined in Schedule Strategy "B", by which the objectives of the Agreement will be promoted in the Special Rural Development Area.
- (b) Plan —The over-all design for implementing the rural development strategy.
- (c) Program —A definite course of intended proceedings for a major operation within the Plan.
- (d) Project —An undertaking, with specific objectives, that forms a self-contained unit within a program.

3. The purposes of this Agreement are to carry out the objectives of the Act, as set out in the recitals hereof, and to give the residents of the Area the opportunity to participate fully in the economic life of the nation by means of:

- (a) extensive public investment in education to provide a higher level of education for the population;
- (b) increased training facilities which, together with training allowances and mobility grants, can be used to prepare the employable population in the Area for more rewarding opportunities in places of expanding employment;
- (c) provision of information by way of counselling to make the residents of the Area more aware of the alternative opportunities available to them;
- (d) development of the economic potential in the renewable resource sector, including agriculture and fisheries, and the encouragement of secondary industry; and
- (e) development of some of the infrastructure of the Area, basically roads, parks, and housing, to encourage additional employment opportunities and to raise the standard of living.

4. All programs and projects undertaken under the Plan shall be jointly approved by Canada and the Province and shall be consistent with the over-all objectives of the Plan as outlined in the Development Strategy, hereto attached as Schedule "B".

5. Notwithstanding anything in this Agreement, no program or project shall be approved or undertaken under this Agreement that is not consistent with the Development Strategy and that does not maintain a balance among each of the Parts of this Agreement whereby the objectives of the Development Strategy are to be attained.

6. These objectives shall be reached through co-operation between Canada and the Province, through co-ordination amongst the parties hereto and their agencies, and by applying all other related or applicable programs and projects to the Plan in the Area.

7. The Province shall establish local advisory boards, called Area Development Boards, to provide for participation by the

residents of the Area in the carrying out of the Plan as required by s.5(a) of the Act but, notwithstanding anything else in this Agreement, Canada shall not share in the cost of, nor participate in, any program hereunder until it is satisfied that such involvement exists.

8. Subject to all terms and conditions of this Agreement, and subject to funds being made available by the Parliament of Canada either in the Fund for Rural Economic Development established by the Act, hereinafter referred to as "the Fund", or in the annual appropriations of contributing departments or agencies, the aggregate sum which Canada shall be liable to contribute in respect of programs and projects hereunder, as more particularly described and defined in the Agreement and Schedules hereof, shall amount to \$49,562,000 from all sources, including the Fund and the Federal-Provincial Rural Development Agreement (1965-70) entered into between Canada and the Province pursuant to the *Agricultural and Rural Development Act*. Of this sum, \$33,812,000 will be contributed to programs and projects which will require a Provincial cost share, but the portion of this chargeable to the Fund shall in no case exceed \$27,606,000, and Canada agrees that upon the signing of this Agreement the Comptroller of the Treasury shall encumber this full amount from the Fund to meet expenses incurred under this Agreement. The components of the said \$49,562,000, and the sources thereof, are set forth in the Parts of this Agreement and in the summary of estimated costs and expenditures which forms Schedule "C" of this Agreement.

9. Subject to the terms of this Agreement and subject to funds being appropriated by the Provincial Legislature of Manitoba, or being available for loan through on-going federal programs, the Province shall contribute in respect of the programs and projects hereunder the sum of \$35,523,000 as its share of the cost of programs and projects described hereunder. Of this sum, \$11,823,000 will be spent on programs or projects requiring a federal cost share. The Province shall be responsible for all other costs, including operating costs and other costs not specifically provided for in this Agreement or not a part of on-going federal programs, both during and subsequent to the life of this Agreement.

10. Canada and the Province, from time to time during the life of this Agreement, may jointly approve programs or projects which

are practical, suitable and consistent with the objectives and proposals outlined in the Development Strategy found in Schedule "B", and in no circumstances shall funds be contributed in respect of any program or project without said joint approval.

11. Canada and the Province agree to provide to each other, upon request, any information about the Comprehensive Rural Development Plan or any program, project or part thereof.

12. Notwithstanding anything in this Agreement, development programs or projects which otherwise qualify under the terms of the Federal-Provincial Rural Development Agreement shall be approved in such a manner that Canada shall contribute to the cost of the program or project from the allotment of the Province under the said Federal-Provincial Rural Development Agreement (as prescribed in Schedule "C") except that no such contribution shall exceed a total of \$3,000,000, of which \$1,500,000 will be drawn from the Provincial allotment under the current Federal-Provincial Rural Development Agreement. For each development program or project that is identified as requiring a contribution from the said allotment, as well as from the Fund, the first charges incurred under the development program or project will be against this allotment to a total of \$375,000.

13. Canada shall pay to the Province \$1,800,000, in five equal annual instalments of \$360,000 each, commencing on the first anniversary of the date of the signing of this Agreement, to assist in the general implementation of the Plan, but notwithstanding this, Canada shall not be liable to make contribution or payment hereunder unless in its own discretion Canada is satisfied that the Plan is being carried out in conformity with Sections 4 and 5 hereof.

14. In the event that Canada and the Province mutually agree that further studies or information with respect to the Area or that an evaluation of the effects of the Plan demonstrate that the objectives and basic strategy provided for by Section 4 and described in Schedule "B" hereof require alteration and amendment, this Agreement may from time to time be reviewed by the parties hereto and, if believed necessary, and with the approval of the Governor-in-Council and the Lieutenant Governor-in-Council, may be amended; but in any event the Agreement shall be reviewed on or before March 31, 1970.

15. Each development program or project jointly agreed to by Canada and the Province shall specify the objectives of the program or project and outline the details as to how the program or project is to be carried out, the time schedule involved, the priority of the program or project in terms of the over-all Plan, the cost, the share of the cost to be borne by each party, the share of any revenue from the program or project that will accrue to Canada and the Province and the expected benefits that will accrue from the program or project.

16. Notwithstanding anything in this Agreement, Canada and the Province recognize the necessity of arriving at a plan of action to implement the development strategy outlined in Schedule "B", and the Province agrees to provide such a plan within six (6) months of the effective date of this Agreement.

17. The following conditions with respect to employment and the award of contracts under this Agreement shall apply to all programs or projects carried out under this Agreement, and in the case of paragraph (b) hereof shall be made a condition to all contracts entered into as a result of this Agreement.

- (a) Where practicable, the recruiting of labour shall be conducted through the Canada Manpower Division of the Department of Manpower and Immigration.
- (b) In the employment of persons on any project there shall be no discrimination by reason of race, national origin, colour, religion or political affiliation.

18. Except for acts of God, the Province shall save harmless and indemnify Canada for and against any and all liability, loss, damages or expenses, which may be suffered or created as a result of implementing the programs or projects hereunder, and for the implementation of which Canada is not directly responsible hereunder.

19. This Agreement shall commence on, and take effect from, the date on which it becomes signed by both Canada and the Province, and no costs incurred before April 1, 1967 shall be eligible or considered for payment under this Agreement. This Agreement shall terminate on April 1, 1977 and no program or project shall be approved after this date and no claim for a contribution made in respect of any program or project under this Agreement, or part of

the Plan under this Agreement, shall be paid unless it is received by Canada within one year following the expiry date.

20. (a) No Senator, member of the House of Commons or member of the Legislature of the Province shall hold, enjoy or be admitted to any share or part of any contract, agreement, commission or benefit arising out of any project under this Agreement.

(b) Canada and the Province agree that in carrying out the Plan, or any program or project under this Agreement, the parties hereto shall observe and abide by the conditions respecting fair wages and hours of work under the *Fair Wages and Hours of Labour Act*, R.S.C., 1952, c.108, as amended.

Part I

EDUCATION

21. The purpose and intent of this Part is to improve the educational facilities and opportunities in the Area.

22. The Province shall undertake as a program under this Agreement to expand and modernize school facilities in the Area through:

- (a) the consolidation of existing school boards into one board for each of the five school divisions;
- (b) the investment during the five years immediately following the signing of this Agreement of an estimated \$4,700,000 in school facilities in the Area;
- (c) the construction of a technical vocational high school for a minimum of 500 students in the Area at an estimated cost of \$3,000,000; and
- (d) the provision of approximately \$19,000,000 during the life of this Agreement to meet the increase in the cost of operation and maintenance of the school program.

23. The Province shall provide the funds for this program, except that the provision of technical-vocational training facilities will be carried out in co-operation with the Canada Department of Manpower and Immigration which, subject to mutual agreement between Canada and the Province, shall provide financial assistance under the terms of the Occupational Training for Adults Program.

Part II

MANPOWER

24. The purpose and intent of this Part is to provide increased opportunities for the people of the Area to better their standard of living by providing counselling, training, financial assistance during occupational training, and job placement where necessary.

25. To provide occupational training for an expected 4,500 people over the life of this Agreement, the Province shall provide:

- (a) an adult education and manpower training centre at a major growth point;
- (b) portable training units and teacherages for other training centres in the Area; and
- (c) residential facilities in association with the major adult education and manpower training centre.

26. To ensure that residents of the Area receive sufficient information and advice to enable them to select from the alternatives available to them, Canada and the Province shall jointly undertake to provide general counsellors and supporting administrative staff.

27. To ensure that all residents are aware of opportunities for training, job placement and financial assistance, Canada shall undertake to provide a staff of manpower counsellors at Canada Manpower Centres in the Area.

28. Canada and the Province shall jointly agree to an Interlake manpower corps program to provide employment experience for residents and group orientation towards training and occupational mobility.

29. Canada and the Province shall jointly agree to undertake a program designed to offer the people of the Area adult education, guidance in community development, leadership training, and public affairs education.

30. Canada and the Province shall jointly agree to undertake a program to provide management education in agriculture, fisheries and recreation, and other projects designed to increase the knowledge and efficiency of those residents of the Area who will continue to depend on the physical resources for their livelihood.

31. Canada and the Province shall jointly agree to undertake or assist in suitable projects designed to provide training in industry especially for the Indian and Métis people of the Area.

32. Canada and the Province shall jointly agree to participate in an Interlake manpower co-ordinating committee comprised of representatives of the Canada Manpower Division, the Provincial Program Administration, and the Interlake adult education and manpower training centre to advise on the programming and implementation of occupational training programs for the Area.

33. Canada shall contribute to jointly approved projects, under Section 25(a) and (b) hereof, 75 per cent of the total cost of \$1,275,000 under the terms of the Occupational Training for Adults Program.

34. The Province shall undertake a project, under Section 25(c) hereof, with assistance from the Central Mortgage and Housing Corporation under the terms of their available programs or other programs that apply, and Canada shall contribute from the Fund towards the operating loss during the life of this Agreement 75 per cent of the total cost thereof, or \$375,000, whichever is the lesser.

35. Canada shall contribute to jointly approved projects, under Section 26 hereof, 90 per cent of the total cost thereof, or \$2,700,000, whichever is the lesser.

36. Canada shall contribute to jointly approved projects, under Section 28 hereof, 90 per cent of the total cost thereof, or \$2,700,000, whichever is the lesser.

37. Canada shall contribute to a jointly approved program, under Section 29 hereof, 75 per cent of the total cost thereof, or \$900,000, whichever is the lesser.

38. Canada shall contribute to jointly approved projects, under Section 30 hereof, 75 per cent of the total cost thereof, or \$2,550,000, whichever is the lesser.

39. Canada, through the Canada Department of Manpower and Immigration, undertakes to pay training allowances and mobility grants to those eligible under the Manpower program at an expected cost of \$15,750,000.

40. Canada shall contribute to jointly approved projects, under Section 31 hereof, 75 per cent of the agreed cost up to a maximum of \$375,000.

Part III

DEVELOPMENT AND STRUCTURAL ADJUSTMENT

41. The purpose of this Part is to provide for programs that will adjust the operation of agriculture and fisheries in the Area, to assist those who choose to leave these sectors, and to assist those who remain by encouraging investments in land development and fisheries adjustment. This Part will also provide for investments in roads, parks and an industrial park to increase employment, income and communications in the Area.

42. Canada and the Province shall jointly approve a program for the acquisition of lands which have a low capability for agriculture, and which are voluntarily offered for sale, for conversion to an alternative form of land use.

43. Canada and the Province shall jointly approve a program to encourage land development in the Area through the use of existing credit sources and an incentive project of \$4.00 an acre for clearing and piling on land with high agricultural productivity potential.

44. Canada and the Province shall jointly approve a program providing for the drainage of high-capability land in the Area.

45. Canada and the Province shall jointly approve programs designed to provide for an improved income for fishermen and a more favourable return to producers through the reduction of the number of people fishing in the Area. These programs will be related, unless otherwise agreed, to the establishment of marketing boards as required for allocating the catch, to a fisheries adjustment program and to a credit provision similar to that described in Schedule "B".

46. Canada and the Province shall jointly approve a development project providing for the construction of a control structure at the outlet of Lake St. Martin.

47. Canada and the Province shall jointly approve a program providing for the construction of the following roads before the fifth anniversary of the signing of this Agreement:

- (a) Provincial Trunk Highway No. 6 (Lundar to Gypsumville);

- (b) Provincial Trunk Highway No. 68 (Hnausa to Eriksdale); and
- (c) Provincial Roads, in Census Division 12 and that part of Census Division 9 north of the boundary of Township 14, with priority shown for those affecting the success of school consolidation.

48. Canada and the Province shall jointly approve programs for a major recreational area, and for the development and improvement of other property of high capability for recreation, along the west shore of Lake Winnipeg.

49. Canada and the Province shall jointly approve a project to provide financial assistance up to 75 per cent of the total cost for an industrial park in the vicinity of the Town of Selkirk.

50. The Province agrees to undertake, in concert with the Central Mortgage and Housing Corporation, a housing study to:

- (a) establish and assess the adequacy of the current housing inventory;
- (b) assess future housing requirements in the light of the Plan;
- (c) conduct an investigation leading to recommendations for the preparation of community plans where required; and
- (d) make recommendations for the improvement of the housing situation within the framework of Federal and Provincial legislation.

51. Canada shall contribute to a jointly approved program, under Section 42 hereof, 75 per cent of the total cost, or \$3,750,000, whichever is the lesser.

52. Canada shall contribute to a jointly approved program providing for incentives to land development and for the administration of the program, under Section 43 hereof, 75 per cent of the total cost, or \$1,725,000, whichever is the lesser.

53. Canada shall contribute to a jointly approved program under Section 44 hereof, 60 per cent of the total cost, or \$4,200,000, whichever is the lesser.

54. Canada shall contribute to a jointly approved program providing for fisheries adjustment, under Section 45 hereof, 75 per cent of the total cost, or \$375,000, whichever is the lesser.

55. Canada shall contribute to a jointly approved project, under Section 46 hereof, 75 per cent of the total cost, or \$375,000, whichever is the lesser.

56. Canada shall contribute to a jointly approved program, under Section 47 hereof, 60 per cent of the total cost, or \$5,310,000, whichever is the lesser.

57. Canada shall contribute to jointly approved programs, under Section 48 hereof, 60 per cent of the total cost, or \$1,770,000, whichever is the lesser.

58. Canada shall contribute to a jointly approved project, under Section 49 hereof, 50 per cent of the total cost to the Province, or \$200,000, whichever is the lesser.

Part IV

RESEARCH

59. The purpose of this Part is to provide for continuing physical, social and economic research required to keep the Plan current and dynamic, as well as to measure the impact of the Plan on the Area.

60. Canada and the Province shall jointly approve programs to establish systems that will produce data needed to evaluate the objectives, progress and effect of the Plan.

61. Canada and the Province shall jointly approve a project designed to provide an assessment, by an independent agent, of the economic impact of the Plan on the Area.

62. Canada and the Province shall jointly approve projects for social research required to meet the objectives of the Plan.

63. Canada shall contribute to a jointly approved project, under Section 61 hereof, 66.67 per cent of the total cost, or \$168,000, whichever is the lesser.

64. Canada shall contribute to jointly approved programs and projects, under Sections 60 and 62 hereof, 100 per cent of the total cost, such costs to be chargeable to the appropriations of the Canada Department of Forestry and Rural Development.

Part V

ADMINISTRATION

65. The purpose of this Part is to establish the management process by which the Development Strategy described in this Agreement can be adequately implemented, to provide a framework for effective co-operation and co-ordination among Canada, the Province and their respective agencies herein affected, and to ensure that there is comprehensive and well-integrated execution of the total Plan, as well as continued joint planning and participation.

66. The Province shall be responsible for implementing, operating and maintaining the Plan provided for in this Agreement, except for those parts specifically assigned to Canada or identified as joint-action programs, and shall, to undertake this task, appoint a Provincial Program Administrator who shall report to the Minister of Agriculture and who shall co-ordinate the activities of the provincial departments and agencies assigned specific functions under the Plan, maintain a central financial authority over the provincial aspects of the Plan, and work directly with agencies of Canada involved in programs specifically identified in this Agreement.

67. (a) There shall be established a Joint Federal-Provincial Advisory Board consisting of at least six senior public servants of both governments, with both Canada and the Province having equal numerical representation. The Board shall meet not less than twice annually and shall report to the Minister of Forestry and Rural Development for Canada and to the Minister of Agriculture for the Province its evaluation of the management of the Plan in terms of objectives, performance and priorities.

(b) Canada and the Province shall participate in a process of joint planning and operational co-operation. To facilitate this process Canada shall appoint a Federal Program Co-ordinator who shall work directly with the Provincial Program Administrator, and all development programs or projects shall be reviewed and recommended jointly by the Provincial Program Administrator and the Federal Program Co-ordinator. The Federal Program Co-ordinator shall be responsible for securing the co-

operation and for co-ordinating the programs of the agencies of Canada administering programs affecting the Plan.

68. Canada and the Province in a mutually agreed form shall jointly approve annually, on the recommendation of the Joint Federal-Provincial Advisory Board, on or before the first of September of each year, estimates of the cost of the programs and projects hereunder to Canada and to the Province for the fiscal year beginning the first of April next following. Canada and the Province by the first of May each year shall approve a forecast of estimated expenditures during the five fiscal years subsequent thereto, or over the period of time remaining in the Agreement, whichever is the lesser.

69. Canada and the Province shall keep adequate records of all expenditures made pursuant to this Agreement and shall support such expenditures with the proper documents. Canada and the Province upon request shall each make these records and documents available to auditors appointed by the other.

70. Subject to this Agreement, Canada shall reimburse the Province for expenditures made by the Province on development programs and projects under this Agreement, either from the Fund, or from annual appropriations for the Federal-Provincial Rural Development Agreement, in such proportions as are prescribed by this Agreement upon the submission of a claim in a mutually agreed manner and form by the Province, certified by a senior official of the Province and bearing a Provincial audit certificate. Notwithstanding this requirement, Canada may make annual advance payments upon request by the Province, based on an estimated cost to the Province for the year on one or more programs or projects, or Canada may make interim progress payments at regular intervals based on claims by the Province estimating work done to date. The Province in both cases must submit to Canada an annual expenditure statement approved by a senior official of the Province and bearing a Provincial audit certificate.

71. The Province shall administer this Plan, and Canada and the Province shall jointly approve a program or project designed to provide for:

- (a) the cost of administration staff;

- (b) the cost of an information service staff;
- (c) costs of administration including supplies and equipment; and
- (d) costs incurred in providing for local involvement and any other legitimate administration costs, save for costs attributable to programs or projects which are the sole responsibility of Canada or are specifically assigned to Canada by this Agreement.

72. Canada and the Province shall jointly agree upon a program or project designed to ensure that the people of the Area receive complete information on the Plan, its objectives and its opportunities.

73. The Province agrees to create a Program Advisory Board consisting of Interlake residents, including representatives of the Area Development Boards outlined in Section 7 hereof, and to consult with this Board on programs and projects under the Plan.

74. Except where otherwise provided in this Agreement, in respect of the costs directly related to the administration of this Plan, including staff costs and information and extension services not specifically related to any one program or project under this Agreement, Canada shall contribute to jointly approved programs under Sections 71, 72 and 73, 66.67 per cent of the total costs, or \$1,333,000, whichever is the lesser.

IN WITNESS HEREOF the Honourable Maurice Sauvé, Minister of Forestry and Rural Development of Canada, has hereunto set his hand on behalf of Canada, and the Honourable Duff Roblin, Premier of the Province of Manitoba, has hereunto set his hand on behalf of the Province, the day and year first above written.

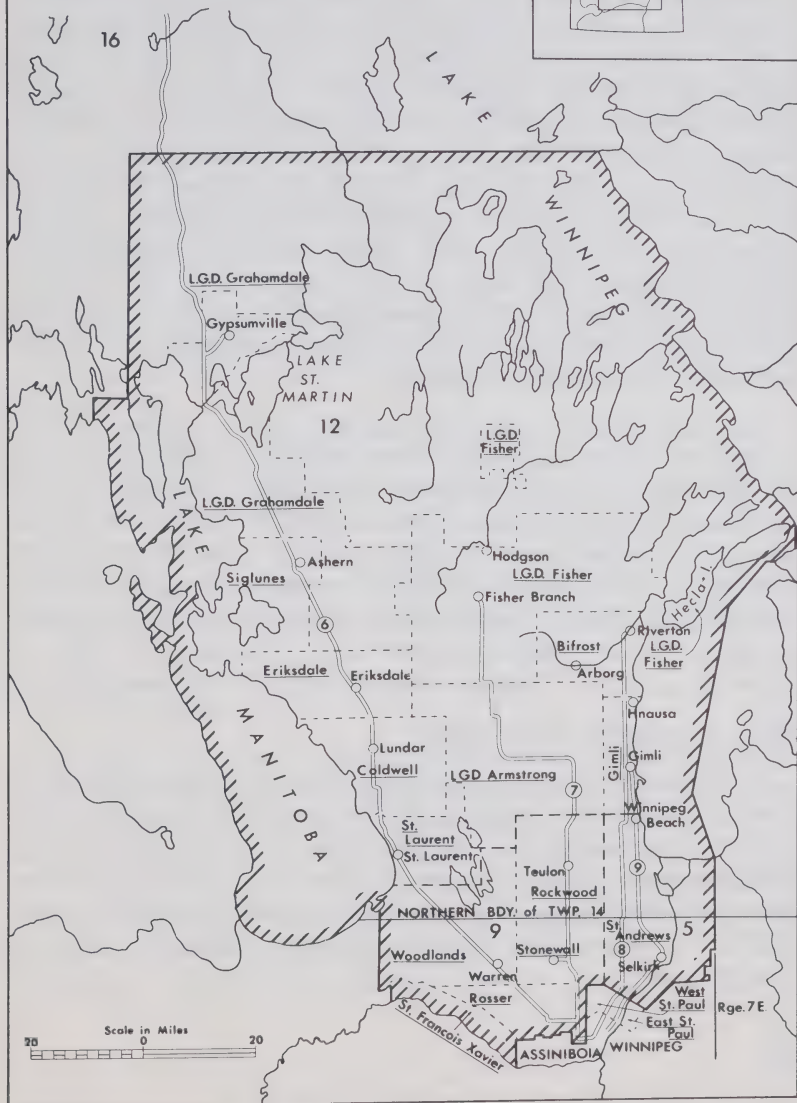
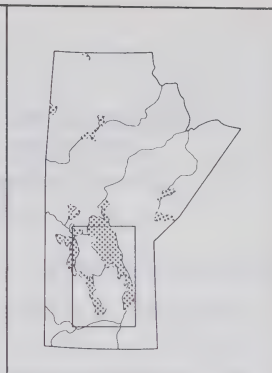
In the Presence of	}	Signed on behalf of Canada
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In the Presence of	}	Signed on behalf of the Province of Manitoba
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Map Showing the Location
Affected By the Agreement
Covering a Comprehensive
Rural Development Plan For
The Interlake Area of Manitoba

Census Div. and Nos. _____ 12



Schedule B

Development Strategy for the Agreement covering a Comprehensive Rural Development Plan for the Interlake Area of Manitoba

INTRODUCTION

Under the authority of the *Agricultural and Rural Development Act* and of the Federal-Provincial Rural Development Agreement, extensive studies were carried out in the ARDA Pilot Research Area of the Interlake Area of Manitoba. This Area encompasses Census Divisions 9 and 12, the Municipality of St. Andrews in Census Division 5, and that part of the Municipality of St. Clements lying west of Range 7 East. In addition, for fisheries and manpower programs, it includes all fishermen who work the major lakes adjoining the Area proper. Besides the government-sponsored studies and research, local people have been actively involved through nine Area Development Boards in analyzing, investigating and evaluating the feasibility of education, training and resource development projects.

The studies point clearly to the existence of widespread low income, but, at the same time, there exists a significant potential for development. The effective utilization, however, of the Interlake Area's potential for human and natural resource development, to benefit local residents and the Canadian economy, will require substantial and carefully integrated investments of public capital. Taken together, these elements warrant the implementation of a Comprehensive Rural Development Plan as provided under the *Fund for Rural Economic Development Act*.

THE CURRENT SITUATION

The Interlake Area encompasses some 10,000 square miles. In 1966 the population totalled 59,270 people grouped into some 14,590 family units. The active labour force totals just over 23,000 workers, of whom some 10,500 are engaged in agriculture and the fisheries, 3,600 in manufacturing and construction, and 8,900 in transportation, commerce, services and public administration.

On the basis of income distribution in the agricultural and fisheries sectors, it is conservatively estimated that close to 7,000 members of the labour force are seriously under-employed. Added to this are some 500 to 1,000 unemployed workers in the non-resource sectors, so that a total of well over one-third of the labour force is working at extremely low levels of productivity.

While the problems of inefficient resource use and slow growth exist over the whole Area, major adjustment and development programs are needed in Census Division 12, which begins some 40 miles north of Winnipeg and encompasses the whole northern portion of the Area. There are 27,700 people living in this portion, of whom some 11,000 to 12,000 are Indian and Métis. The total labour force amounts to some 10,900 workers, of whom 7,000 are employed in agriculture and the fisheries. Analysis of the resource capability of this portion of the Area indicates that of these 7,000 workers, fewer than 2,750 could derive an adequate income in these sectors, and then only with a substantial reorganization of resources and extensive management training. Moreover, the isolation of this portion of the Area militates against any reasonable expectation of non-resource-based economic development.

The over-all situation in Census Division 12 requires attention. Opportunities for employment are limited, and low levels of education and training as well as other social barriers (particularly for the Indians and Métis) all tend to put severe restrictions on mobility. As a consequence, incomes are extremely low, amounting to less than half of the average for the Province and the nation as a whole.

THE STRATEGY

The basic objective of the Comprehensive Rural Development Plan is to increase the level of income and the standard of living of the people presently residing in the Area. In the light of the present limitations of natural resource development, it appears that a substantial release of people from primary-resource-based jobs will be necessary to bring about the required resource/people balance. The present rates of growth in secondary and tertiary industries in the Area will provide jobs for a certain number of

people who will leave primary industries such as agriculture and the fisheries. However, a complementary program to increase employment opportunities in secondary and tertiary industries is needed within the Area.

The resources rationalization and development programs for the Area will require consultation and action by all sectors—agriculture, fisheries, industry, education, community and government. They will depend upon changes in attitudes about adjustment and development in the Area, but more important, they will require substantial capital investments in and by all of these sectors. To this end, adjustment and developmental incentives will be provided to further the objectives of the Plan.

In order to attain the basic objective of the over-all strategy, the highest priority is to be placed on the development of human resources. Programs are proposed which provide for adequate primary and secondary school systems, a residential technical-vocational high school, counselling, manpower training, job placement and mobility assistance, as well as community development, adult extension and an Interlake manpower corps.

The problems of under-employed, or surplus human resources, and of achieving optimum use of the physical resources must be attacked simultaneously. Programs for human resource development are interlinked with the physical resource adjustment and development programs.

The opportunities provided by the manpower mobility program will make it possible for farmers with low incomes to take advantage of higher-income employment nearby or elsewhere, releasing their land to the benefit of commercial farmers in the Area.

Where land has a low capability for agriculture, the lack of private buyers will be offset by an offer to purchase by the Crown, and the land will be directed to other uses.

In addition, programs are available to encourage the application of more advanced techniques through farm management training, and the improvement of existing farmland through the clearing and drainage of high-capability land.

In fisheries, efforts are to be made to encourage a sharp reduction in the number of fishermen presently working the lakes and, at the same time, through investments in equipment and changes in marketing and other procedures, to increase substantially the productivity of those people remaining in the industry.

Investments are also to be made to develop the recreation potential of the Area. In addition to the income and employment benefits which these projects will bring, it is intended that much of the initial construction and development work will be undertaken by workers participating in the training programs.

School consolidation, manpower training, agricultural development and successful exploitation of the recreation potential are all dependent upon satisfactory roads. Accordingly, expenditures are to be made to bring the main road system of the Area, particularly in Census Division 12, up to the level required for efficient access to these services and development opportunities.

The greater productivity and efficiency in the primary sector, even with full exploitation of the development potential, will release substantial labour resources for productive employment in other sectors of the economy. Some growth in secondary and tertiary employment is expected to occur in the southern portion of the Area. The absence of some special efforts to speed up and encourage further growth in these sectors, however, would undoubtedly slow the adjustment program, since the rate of emigration would have to rise to more than double the already high rate presently projected. Moreover, since many of the potential migrants from the resource sectors are Indians and Métis, for whom social as well as economic barriers to mobility are formidable, failure to attempt to encourage some alternatives within the Area would seriously reduce the rate of adjustment in the fisheries, and would reduce the opportunities for a large part of the low-income population of the Area.

The program will make financial assistance available to the community of Selkirk for the construction of an industrial park and, as a result of adjustments in the Canada Manpower Centre area boundaries, the region to be served by the new Selkirk Canada Manpower Centre qualifies for incentives under the criteria of the Area Development Agency program.

From a practical standpoint, it must be recognized that the individuals who reside in the Area cannot solve, by themselves, the income problems that have their roots in the general economy and outside the Area. Employment opportunities so widely needed by the people in the Area are dependent upon the entire economy, or upon broad segments of it. At the same time, families in the Area have resources at their command which, if used more efficiently, could contribute much towards the alleviation of some problems. The degree of development will depend directly upon, and will be in proportion to, the extent of the attack on the problem by individuals and by organized means, both within the Area and from without, in terms of private effort—municipal, town, community, and regional development groups—and explicit provincial and national policies and programs.

In summary, the program basically is directed to providing opportunities for the population of this Area to increase their participation in the general economic environment. To achieve this, extensive public investments are necessary in education, training and mobility. Complementing this activity, but justifiable in their own right, are investments made to rationalize and develop the full economic potential of agriculture, fisheries, recreation and industry in the Area, and to raise the standards of housing, social services and other amenities closer to the levels enjoyed elsewhere in the Province.

THE ACTION PROGRAM

Education

This Comprehensive Rural Development Plan makes provision for the fact that the youth make up a very large proportion of the total population. Special consideration for this part of the population is required, so that problems of low productivity and incomes will not continue to be transmitted through the youth into the future. Good educational opportunities are a major part of this emphasis.

It is the intention of the Province to embark on a major new program for the expansion and modernization of school facilities. The program will be Province-wide, and in its essentials will

provide for extensive consolidation of school districts, and for the assumption by the Province of an increased responsibility for financing schools. The proposal is for an expanded program of capital and operating expenditures which will call on a substantial portion of the financial resources of the Province.

At the outset of the planning leading up to the preparation of this Comprehensive Rural Development Plan for the Area, the Province and the Interlake Area Development Boards recognized that a vast improvement in the size and quality of primary and secondary school facilities was essential to the success of the Plan. In order to ensure that significant improvements would run parallel to the rest of the development programs, the Province exempted the five multi-district school divisions from the referendum, and empowered the Minister of Education to create five single-district school divisions and to locate consolidated secondary schools based on recommendations of the Local Government Boundaries Commission. Under this policy, the present 165 elementary school districts will be consolidated into five divisions, and new schools with a minimum of eight classes will be constructed wherever possible and practical.

Beginning in 1967, the school divisions are expected to start preparing plans for single-district school divisions. During the next three to five years, about 250 new primary and secondary classrooms will be installed at an estimated cost of \$4,700,000. As an incentive to district re-organization and to relieve the municipalities, the Province will bear most of this cost.

To meet the vocational training needs of the youth of the Area, the Province proposes to establish a residential technical vocational high school for a minimum of 500 students. The capital cost of these facilities is expected to be about \$3,000,000.

Including the residential technical vocational high school, the development and re-organization of the school divisions will involve the Province in \$19,000,000 of extra operating expenditures during the next 10 years.

Manpower

The Interlake Comprehensive Rural Development Plan is directed to providing opportunities for the population of the Area

that will increase their participation in the general economy. To this end, extensive public investments are proposed in counselling, training and mobility assistance. A variety of programs will be offered, including general counselling, Canada Manpower counsellors, occupational training (including training allowances), job placement, mobility assistance, an Interlake manpower corps, training in industry for Indian and Métis people, community affairs and resource management assistance.

General counsellors

A very important aspect of the program for the Area will be provision of a staff of general counsellors. The counsellors will be responsible for actively seeking out residents to inform, orient and counsel them on the full range of programs available under the Plan, including occupational training and training allowances, employment opportunities and mobility assistance, an Interlake manpower corps, community affairs, resource management assistance, and agricultural and fisheries development opportunities. In addition, these counsellors will be responsible for following the progress of residents who have participated in the programs, in order to ensure that the transition from their old to their new way of life is a relatively smooth one and to reduce the number of those who may drop out of their new environment and return to their old.

The counsellors are to be generalists, rather than specialists. Their role will be to refer residents to the specialists, such as the agricultural representatives or the officers of the Canada Manpower Division, and not to take over the functions of these specialists.

To accomplish these objectives the program will provide for general counsellors and supporting administrative staff at a total cost of about \$300,000 a year, or \$3,000,000 during the period of this Agreement.

Canada manpower counsellors

In order to facilitate the participation of the people in programs of occupational training, job placement and mobility assistance, the Canada Department of Manpower and Immigration will provide a staff of manpower counsellors. The services provided at

the Canada Manpower Centres in the Area will include training and manpower counselling, mobility assistance, and information on such subjects as educational and recreational facilities, housing, etc., at the new place of employment.

Occupational training for adults

The principal objectives of the Canada Manpower Division are to help people develop their maximum potential in terms of their individual contribution to the economy, and to obtain jobs which match their skills, capabilities and needs. The essential activity required to achieve the objectives is counselling, and the Occupational Training for Adults Program is one of the means available to counsellors in assisting individuals to identify a realistic occupational goal and to develop a plan for achieving it.

The programs of the Canada Manpower Division are national programs based on national objectives. It is felt that general operating and administrative procedures necessary within the national program may lack the flexibility required to meet the special and specific requirements of the people of the Area. In order to take advantage of the intimate knowledge of local conditions and needs held by provincial staff, an Interlake manpower co-ordinating committee comprised of representatives from the Canada Manpower Division, the Provincial Program Administration responsible for the Comprehensive Rural Development Plan, and the Interlake adult education and manpower training centre will be appointed to consider jointly the programming and implementation of occupational training programs for the Area. This committee will be a sub-committee of the Joint Federal-Provincial Advisory Board and will advise on the means to ensure that these programs are in harmony with the specific problems, needs and employment aspirations of the people of the Area.

The objective is to provide occupational training in the Area for about 450 adults a year, or a total of about 4,500 over a 10-year period. Training activities will be directed to the particular needs of low-income farmers, fishermen and other rural adults. To help the individuals, whether employed, under-employed or unemployed, the Canada Manpower Division will purchase occupational training services for adults referred for

training by the Canada Manpower Centres. To make it possible for adults to take advantage of training opportunities, replacement income in the form of training allowances will be paid to trainees with adult economic status. In the case of the latter, it is expected that about 3,500 adults may be referred for training, amounting to a cost of about \$12,250,000 during the 10-year period of the Agreement.

On the basis of the distribution within the Area of low-income workers who are expected to qualify for occupational training, it is intended to provide facilities for at least four occupational training locations—one major and three minor as follows.

- (a) A permanent adult education and manpower training centre in the Area will provide facilities capable of handling a full-time enrolment of not less than 300 adults, at a total cost of about \$1,000,000.
- (b) There will be residential facilities at this centre capable of handling approximately 100 single and 40 married trainees, including dining and recreational facilities at a non-recoverable cost of about \$500,000.
- (c) In addition, provision is made for portable training units at a total cost of about \$200,000, and portable teacherages at a total cost of about \$75,000, capable of handling the requirements at the other training centres required in the Area. Present information indicates that 10 portable training units and teacherages will be required to serve the needs of the Area. Owing to the nature of the needs and the program, however, flexibility will be maintained in the make-up of the program elements within the above cost estimates.

Mobility assistance

Following occupational training or job placement, or both, an estimated 3,500 workers may qualify for mobility assistance amounting to about \$3,500,000 during the term of this Agreement.

Interlake manpower corps

It is proposed to establish a manpower corps for the Area, which

will enrol persons in a program divided about equally between training and work on community and resource improvements and recreation projects. It is anticipated that Indian and Métis people will account for about 75 per cent of the total enrolment, and that following a period in the corps (a year or less) trainees will probably enter into the regular occupational training programs offered in the Area. While in the corps, trainees will receive allowances at least equivalent to those paid under the *Training Allowances Act*. It is estimated that an Interlake manpower corps will cost about \$300,000 a year, including allowances, staff and facilities, or \$3,000,000 during the life of this Agreement.

Community affairs

In order that the people of the Area will be fully informed about the programs and be able to actively participate in them, it is intended to offer expanded programs of adult education and guidance in community development, leadership training, public affairs and family living. These programs will be oriented to meet the needs of each of the various sectors of the population residing in the Area. The objective is to foster full public understanding of the programs by working with the local Area Development Boards, and to encourage active participation of the local people in carrying out the development strategy in the Area. Staff will be provided to accomplish these objectives. The total costs of the community affairs programs, including staff, are estimated at \$120,000 a year, or \$1,200,000 during the period of this Agreement.

Resource management assistance

Expanded programs of adult education are proposed for those people who will continue to depend upon the physical resources of the Area for their livelihood. It is essential that resource management education in agriculture, fisheries and recreation be provided on an expanded scale to families in the Area, so that these families can be assisted in achieving the optimum development of the Area's resources. Guidance in land use and improvement, animal husbandry and farm management is to be intensified. The managerial ability of many farmers in the Area must be upgraded to include a knowledge of the most recent techniques, if the Area's agriculture is to provide improved levels of income. Fishermen will be assisted in re-organizing their industry and in

adopting new gear and techniques. Staff will be provided to accomplish these program objectives. The total costs of the proposed resource management programs, including staff, are estimated at \$340,000 a year, or \$3,400,000 during the period of this Agreement.

Training in industry

It is proposed to set aside an amount of \$500,000 in this Comprehensive Rural Development Plan to provide for assistance for training-in-industry projects for Indian and Métis people in the Area. Suitable projects may be undertaken after agreement upon the details of these projects has been reached by all interested departments at both levels of government.

Summary of costs

The expected costs of these programs of counselling, training and mobility assistance may amount to approximately \$28,600,000 as shown below.

TYPE OF EXPENDITURE	Estimated Cost
General Counsellors.....	\$ 3,000,000
Training Allowances.....	12,250,000
Adult Education and Manpower Training Centre.....	1,000,000
Residential Facilities.....	500,000
Portable Training Units.....	200,000
Teacherages.....	75,000
Mobility Assistance.....	3,500,000
Interlake Manpower Corps.....	3,000,000
Community Affairs.....	1,200,000
Resource Management Assistance.....	3,400,000
Training-in-Industry Projects.....	500,000
TOTAL.....	\$28,625,000

Agriculture

In 1961 there were some 6,300 farms in the Area. Of these, fewer than 1,200 were viable commercial enterprises which returned an adequate level of living to their operators, and approximately 1,300 were non-commercial farms which provided a residence and a fairly satisfactory standard of living for their owners. The remaining 3,800 commercial and non-commercial farms provided returns below a satisfactory level.

However, much of the land in the Area has a high capability for agriculture. A large portion is being farmed, but there are some 500,000 acres of unused or under-utilized land in the Area that has a high potential for agricultural production. Studies indicate that, with bush removal, some stone removal and fertilization, over 60 per cent of this land would be high productivity arable land for annual crops. The remainder, if cleared of bush, would produce quality hay and pasture. In fact, effective use of this agricultural base should support about 3,000 viable commercial farms.

In the light of this situation, it is intended to provide a balanced program of structural adjustment and development in the agricultural sector. The counselling, training and mobility assistance programs, of course, provide a key instrument in this process. The opportunities offered will encourage and enable low-income farmers to take advantage of higher-income employment nearby or elsewhere. This will improve the situation of these people, and at the same time release lands for farm expansion and consolidation to the benefit of commercial farmers or potential commercial farmers in the Area. In addition it is intended to provide for the release of certain lands, presently being farmed, which have a low capability for agriculture. Finally it is intended to provide programs to encourage and assist the development and growth of a larger and more profitable commercial agricultural sector in the Area.

During the 10-year period, some 3,000 farmers may either take advantage of opportunities available in other sectors of the economy, or retire. This will facilitate farm enlargement and should enable a large number of farm families to increase the size of their enterprises. This, together with the expected growth in income of existing commercial farms, should significantly increase the total value of agricultural production in the Area.

Programs for adjustment

There is a healthy and active market for lands which have a high capability for agriculture. If the manpower program is effective in attracting low-income farmers into other activities with greater opportunities, it is anticipated that these people will have little difficulty in liquidating their assets. It is expected that

perhaps some 100 farmers a year (probably in the age group 45 years and under) may take advantage of the manpower program, and in due course sell their lands to increase the resource base of nearby viable farms. In addition it is expected that the effective utilization of credit, which will be encouraged under the development program, will enable commercial farmers in the Area to acquire or lease productive land and make other capital investments necessary to increase the efficiency of their enterprises.

For lands which have a low capability for agriculture and for which there is little opportunity for sale to private buyers, it is intended that funds will be provided to enable the Province to purchase certain of these lands, if the farmers choose to sell and take advantage of the manpower program. In many cases these lands will be in areas where the costs of services, improvements or protection are greater than the benefits accruing from this expenditure. The cost of this land use adjustment program is estimated to be \$5,000,000, and, in total, it is expected that about 1,000 landowners and about 150,000 acres may be affected by this program over the 10-year period.

Agricultural development

Management Training and Extension

It is intended that training and training allowances under the manpower program will be available to farmers wishing to upgrade their technical and management skills in agriculture. In addition, to provide guidance in land improvement, animal husbandry and farm management, there will be a substantial increase in the numbers of agricultural specialists working in the Area. Their cost is included in the total cost of the resource management staff in the counselling, training and mobility assistance program.

Land Development

Analysis of the soil capability of the Area, the farm structure and the kinds of agricultural products grown has indicated that assistance to enable farmers to expand their cultivated acreage will make a major contribution to increasing agricultural incomes in the Area. Accordingly, intensive efforts are to be made to help farmers utilize to the fullest advantage existing credit programs

and to provide cash incentives to those anxious to undertake land development.

To accomplish this, land development staff will be hired to work in the Area. They will review with individual farmers the implications of land development for their enterprises, and will advise and help them to obtain credit related to their needs and potential. These staff costs are included within the resource management program. The land clearing program itself will be supervised by the Province and it will be determined in detail what land should be cleared (using as a guide the Interlake Land Use Map). Eligible farmers will be assisted to organize large-scale clearing operations to reduce the over-all cost. Only land considered for commercial agriculture would be recommended for clearing.

It is expected that the bulk of the credit will be obtained from banks under the *Farm Improvement Loans Act*. It is intended, however, that the Manitoba Agricultural Credit Corporation will earmark funds for use in the Area, particularly by those farmers utilizing the land for production from which returns would be delayed for two or three years. These efforts are to support the major role that has been played and will continue to be played by the Farm Credit Corporation.

Each year that land with high potential remains undeveloped results in a "loss" in total production. The present ARDA incentive program of \$4.00 an acre for clearing and piling will be continued, therefore, to encourage rapid development of the agricultural potential. Individuals, as well as groups, will be eligible to receive the incentive payments, but only land considered to have potential would qualify for the incentive payment, thereby discouraging development of low-productivity land.

Under this program, an average of 50,000 acres a year would be developed. Over a 10-year period, the land developed would be approximately 500,000 acres at a total cost of about \$10,000,000. It is anticipated that farmers will make arrangements to finance their costs through banks under the *Farm Improvement Loans Act*, the Manitoba Agricultural Credit Corporation, the Farm Credit

Corporation or other leading agencies. Total costs of the incentive program are estimated below.

TYPE OF EXPENDITURE	Estimated Cost
Development grants, 50,000 acres a year for 10 years at \$4.00 an acre.....	\$2,000,000
Administration, planning, experimentation with new techniques.....	300,000
Cost of land development program (500,000 acres).....	\$2,300,000

Drainage

To encourage the optimum development of good agricultural lands, assistance will be provided for a number of drainage projects in the Area. Major drainage requirements are associated with the provision of adequate surface run-off on high-capability lands as indicated by the Interlake Land Use Map. The projects to be undertaken, together with the costs involved, are shown below.

TYPE OF EXPENDITURE	Estimated Cost
SOUTHERN PORTION OF THE AREA	
Long Lake Drain.....	\$1,550,000
Sturgeon Drain.....	2,600,000
Upper Grassmere Drain.....	975,000
Sub total.....	5,125,000
Less previous expenditure.....	600,000
	\$4,525,000
CENTRAL AND NORTHERN	
Upper Icelandic River Drain.....	\$1,400,000
Fisher River Drain.....	875,000
Birch Creek Extension Drain.....	100,000
Boundary Drain.....	100,000
TOTAL.....	\$2,475,000
TOTAL FOR AREA.....	\$7,000,000

In addition to the benefits to agriculture, improvement in the drainage of the Upper Icelandic River is necessary to permit the improvement of Highway 68, the east-west road across the Area.

Summary of costs

In summary the total cost of the agricultural development program, excluding credit and expenditures for management upgrading under the manpower program, is shown below.

TYPE OF EXPENDITURE	Estimated Cost
Land Acquisition.....	\$ 5,000,000
Land Development.....	2,300,000
Drainage.....	7,000,000
TOTAL.....	\$14,300,000

Fisheries

The Area accounts for about two-thirds of the production of the freshwater fisheries of Manitoba, and involves about 2,000 men. The performance of this industry as measured by landings, value of landings and employment has not been satisfactory. Average landings, whether measured by size of catch or value of catch, have remained at consistently low levels. While the total number of people participating in the fisheries has been approximately constant, Indian and Métis participation has been increasing. The majority of fishermen have inadequate incomes. Some supplement their fisheries incomes with part-time employment in other activities, but many are unqualified for alternative employment and few opportunities are available to them. During the fishing season, they must fish or remain idle. As a result, a great number of fishermen and their families live at subsistence levels in unacceptable conditions.

The plight of the fishermen is, in great part, attributable to their low levels of productivity and to the weakness in the price generally received for their production. The low level of productivity reflects the fact that there are too many fishermen relative to the size of the resource base, and that the fishermen generally possess inadequate gear and are deficient in their application of modern fisheries techniques. In selling their product, the fishermen have little or no influence on the price they receive. The low price to the fishermen also reflects the weakness in export prices, as well as the cost of inefficiencies in handling and processing. The Commission of Inquiry into Freshwater Fish Marketing (McIvor

Commission) found that, although the market situation is favourable, the average returns to the industry in export markets, which account for 80 per cent of production, are not high because the spread between the exporter and the customer is excessive.

There is recognition that a plan for the development and structural adjustment of the freshwater fisheries is required in order to effect an improvement in the returns to the fishermen of the Area. For example, the McIvor Commission recommends a freshwater fish marketing board to reduce the weakness in export prices and bring about increased efficiencies in handling and processing. They also argue that as much or more can be accomplished in raising incomes by structural adjustment of the industry, primarily by a substantial reduction in the number of fishermen.

In summary, a marked improvement in the earnings of the fishermen should follow from a realignment of marketing arrangements to produce a more favourable return to producers, a reduction in the numbers of people fishing a relatively fixed resource base, an improvement in the quality of gear, and increased knowledge of fisheries techniques by the remaining fishermen.

Marketing arrangements

A major hypothesis of the fisheries development and structural adjustment program is the establishment of a freshwater fish marketing board by Canada, in co-operation with the provinces, somewhat along the lines of the recommendations of the McIvor Commission.

Fisheries adjustment

As a second element of a program to rationalize the fisheries, the Province will provide a system for the allocation of fishing rights by means of which the allowable catch will be distributed among fishermen. It is intended that funds will be available to enable the Province to reimburse fishermen for sunk costs in those cases where the fishermen choose to leave the industry. It is estimated that the maximum cost of this program will be \$500,000. In addition, the programs relating to counselling, an Interlake manpower corps, occupational training and job placement will be available in order to help the fishermen enter into alternative

employment. It is expected that up to 1,000 fishermen may choose to leave the industry and take advantage of one or more of the manpower programs available to them.

Training and techniques

For those remaining in the fisheries, the Canada Department of Fisheries will work closely with the Province and the adult education and manpower training centre to provide improved fisheries management training, and to ensure the maximum exploitation of the already expanded federal fisheries programs of biological, gear and market research in this Area.

Credit

Many of the remaining fishermen would still be under-capitalized and must be re-equipped in order to fish productively. Many have no collateral and no ordinary credit facilities available to them. In order to overcome these difficulties, the Province will arrange for, and administer, a fund to provide credit to fishermen for modernization and re-equipment. The fund will look after the credit requirements of provincial as well as Interlake Area fishermen, and also may provide a medium for the administration of federal subsidies to the fisheries where they are applicable. The operation of this fund will also be facilitated by the establishment of the proposed freshwater fish marketing board.

Lake St. Martin control dam

Canada and the Province will share the cost of a control structure at the outlet of Lake St. Martin. The cost of this structure is estimated to be \$500,000. Major benefits from this project will accrue from increased fisheries potential to the 1,200 Indians and Métis people living around the lake; and the more adequate spawning conditions that result will benefit the Lake Winnipeg whitefish fishery.

The problems in the fishery are complex, deep-rooted and inter-related. No single element of the program can, by itself, make any significant impact. In fact, with the exception of the efforts to educate and train people to encourage them to take advantage of opportunities in other sectors, the other fisheries projects should be undertaken only as an integrated package in a comprehensive and carefully phased fisheries adjustment and development program.

Transportation—roads

Implementation of the school consolidation program will immediately make necessary a substantial expenditure for road improvements to ensure access. In addition, a good standard east-west link across the Area is necessary to improve access to the adult education and manpower training centre. The present main provincial trunk highways and connecting provincial roads are well below an acceptable standard, particularly in Census Division 12, where the school consolidation program is crucial.

Accordingly, it is intended that during the first five years of this Agreement, priority will be given to the improvement of the following highways.

TYPE OF EXPENDITURE	Approximate Mileage	Estimated Cost
Provincial Trunk Highway No. 6 (Lundar to Gypsumville).....	78	\$2,790,000
Provincial Trunk Highway No. 68 (Hnausa to Eriksdale).....	50	1,870,000
Provincial Roads in Census Division 12 and that part of Census Division 9 north of the boundary of Township 14.....	—	4,190,000
TOTAL.....		\$8,850,000

Recreation

The Province proposes to support the development of a major recreational area along the west shore of Lake Winnipeg. It is expected that this area will serve an existing and rapidly increasing recreational demand for day trips, sightseeing, camping and cottage facilities. The countryside surrounding the proposed area contains numerous recreational assets and lies within 100 miles of Winnipeg.

It is the intention to tie the recreational developments closely to the manpower training program, and in particular to the Interlake manpower corps. Administrative arrangements will be made to ensure the closest co-operation in planning between the two programs and to ensure that the phasing of the recreation development will provide optimum benefits for the training program.

The programs provided for under this Agreement include the development of a major recreational area at a capital cost of about \$2,000,000, and the improvement and development of property with a high capability for recreational development, along the west shore of Lake Winnipeg, at a capital cost of about \$960,000. Total costs of recreational developments under this Agreement are expected to be approximately \$2,960,000.

Employment opportunities

The isolation and limited resource base of the northern part of the Area militate against any reasonable expectation of economic development which would provide meaningful alternatives for most of the low-income population. In the southern part, however, there are one large and at least two small viable centres in which there exists some potential for development in the industrial and service sectors.

Selkirk, in particular, provides excellent opportunities for industrial expansion. It has a highly-skilled labour force and all utilities, including natural gas; it is close to recreation areas and to Winnipeg, has good business services and progressive civic and community leaders. It is ideally located to serve a major centre for expanded fish processing based on the production potential of the Area, and there is already a nucleus of industrial and manufacturing activity which could serve as a base for further growth. In particular, there is potential for further development of the primary iron and steel industry, and development of farm equipment and related steel products industries based on the existing steel industry. The refined silica sand at Selkirk could provide the basis for a glass container plant, and labour surveys indicate the feasibility of a garment plant operation. Suitable environments for industrial growth also prevail, on a small scale, at Stonewall and Teulon.

Exploitation of these opportunities will permit a more rapid application of programs that promote the development and structural adjustment of agriculture and fisheries in Census Division 12. In order to adjust to the expected drop in employment opportunities in agriculture and fisheries, movement within and from the Area is anticipated. Occupational adjustment will be facilitated by expanded programs of education, occupational training and mobility assistance.

Failure to secure some additional manufacturing employment, however, in the face of the ambitious structural adjustment programs, would result in a doubling of the present very high rate of net emigration. More than 40 per cent of the potential candidates for employment from Census Division 12 are Indian and Métis people, who are subject to serious social as well as economic barriers to occupational adjustment. To encourage the greatest participation of these people it is essential that the alternatives open to them are in a compatible environment. Some of these people will find their way into employment opportunities arising from the developments presently occurring along the Nelson River. However, the Nelson River already possesses a large and untapped labour supply—mainly Indians and Métis—relative to the number of job opportunities projected for the Nelson River developments, and this labour supply shall have first priority. It is intended, therefore, that programs will be provided to exploit what industrial development potential exists in the Interlake Area.

Financial assistance up to a maximum of \$400,000, but not more than 75 per cent of the total cost, will be made available to the community of Selkirk for the development of an industrial park. The exact location and facilities will be determined in consultation with Selkirk authorities. Because the benefits to Selkirk from the facilities will be substantial, the town itself will be expected to take the initiative in the planning, construction and operation of the park.

As a result of adjustments in Canada Manpower Centre area boundaries carried out by the Canada Department of Manpower and Immigration, the region to be served by the new Selkirk Canada Manpower Centre qualifies under the criteria of the Area Development Agency (ADA) Program. The financial incentives offered by the ADA program, in conjunction with the assistance for an industrial park at Selkirk, will provide significant inducement to the exploitation of potential industrial activities in the area.

Housing

Programs for community planning and housing form an essential element of the framework for development of the Area. The population shifts which will be occasioned by the programs of development and training, and by school consolidation, parti-

cularly for secondary schools, will result in both opportunities and responsibilities for a housing program to meet the needs of the Area. Moreover, community planning and housing will be a crucial factor in the success of the program to encourage industrial expansion in the Area, and in the maximum use of the possibilities offered by the adult education and manpower training centre.

Accordingly, it is intended to provide for the accommodation of families or persons who move to or are located in growth centres within the Area, and for the development of communities approved jointly by Canada and the Province as required in accordance with the objectives of the Comprehensive Rural Development Plan. In order to define these housing needs in the light of the economic prospects envisaged by the Plan, the Province will undertake a housing study with financial assistance from the Central Mortgage and Housing Corporation. The objectives of the study shall be to:

- (a) establish and assess the adequacy of the current housing inventory;
- (b) assess future housing requirements in the light of the proposed development of the Area;
- (c) conduct an investigation leading to recommendations for the preparation of community plans, in centres such as Selkirk, where required ; and
- (d) make recommendations for the improvement of the housing situation within the framework of federal and provincial legislation.

The Joint Federal-Provincial Advisory Board will review the study and its recommendations and consider, in co-operation with Central Mortgage and Housing Corporation and the Province, ways and means of improving housing facilities in the Area. Programs may embrace all facilities of the *National Housing Act* and Central Mortgage and Housing Corporation, and the Province will share the costs of projects undertaken in accordance with federal and provincial legislation. It is intended that the Province will examine its legislation with a view to ensuring that full advantage might be taken of the provisions of the federal housing legislation as required to meet the needs of the Area.

General

The success of the Comprehensive Rural Development Plan, once the initial planning has been completed, depends upon the ability of Canada and the Province to carry out the conditions of this Agreement. The management of the Plan presents problems because of the complexity of the elements. The acceptance of the programs by the people of the Area must be sought continuously, and the involvement of agencies and departments at both levels of government with operational responsibilities in the Area must be assured.

Administration

The programs envisaged affect the activities of a large number of departments at both levels of government which normally have jurisdiction in these fields. Successful implementation of the Plan, therefore, requires the full involvement of all of these departments and an integration of their activities. This cannot be accomplished solely by cabinet sanction, nor solely by a financial control agency. Co-ordination and integration is primarily a management responsibility that must be carried out at an operational level, and preferably by a management group which has continual contact with the programs in terms of the over-all and sectorial objectives, capacities and day-to-day progress. On the other hand, many of the program elements fall within the responsibilities of specific departments at both levels of government and, therefore, can best be understood and carried out by those expert in the subject matter.

The Comprehensive Rural Development Plan for the Area is a joint federal-provincial undertaking. Successful implementation necessitates a permanent vehicle for federal-provincial consultations. A Joint Federal-Provincial Advisory Board consisting of at least six senior officials, with equal representation from each government, will be established for these purposes. This Board will meet not less than twice a year, at which time it will re-examine the objectives of the Plan, as well as evaluate the progress of implementation. The Board will review the annual budget and the financial forecasts, examine the timing and success of programs and projects and, where required, recommend modifications designed to improve the over-all implementation of the Plan.

To achieve the required co-ordination and integration of all program elements, the Province's Minister of Agriculture has been given the over-all responsibility for administration of the Plan. The day-to-day management of the Plan will be undertaken by a Provincial Program Administrator, with management staff, reporting to the Minister. The Program Administrator will work with and co-ordinate the programs and projects of other agencies which contribute to the implementation of the Plan. In addition, the Province will maintain a central budgetary control to bring together the estimates and expenditures of all provincial participating agencies. The Province intends to implement the provincial elements of the Plan by assigning responsibility for carrying out the various program elements to the department or agency most closely concerned.

The federal government will carry out its responsibilities through existing agencies and departments, as required. The over-all responsibility for administration and implementation at the federal level will rest with the Minister of Forestry and Rural Development. To ensure close co-operation with the Provincial Program Administrator, the Minister of Forestry and Rural Development will appoint a Federal Program Co-ordinator. The Federal Program Co-ordinator will work with federal agencies to secure their co-ordination in the implementation of the Plan, and will work with the Provincial Program Administrator in preparing the details of programs and projects.

The costs of the Provincial Program Administration are expected to be \$2,000,000 over the 10-year period, and these costs are to be shared under this Agreement.

Participation and information

The Plan has been designed with and for the people of the Area. To be fully effective, it must have their continuing co-operation and support. To ensure this, the people must understand the Plan and be able to participate in its implementation.

Under the Comprehensive Rural Development Plan, the Province's Minister of Agriculture intends to support the operation of the Area Development Boards throughout the Area. Further, to provide for effective participation of local people, the Minister

intends to establish an Interlake Program Advisory Board made up of delegates from the Area Development Boards and residents of the Area. The Program Advisory Board will meet to assess the effects of the programs, to ensure that the programs under the Plan are consistent with the needs and values of the communities and to make recommendations to the Minister on all aspects of the Plan.

The success of the Plan depends heavily upon a knowledge of the programs, alternatives and opportunities available to residents of the Area. Canada and the Province will co-operate to ensure that an effective information program is provided. The costs of the information program will be covered by some part of the funds earmarked for general administration, as well as specific sectorial programs. The co-ordination and implementation of the information program will be the responsibility of the Provincial Program Administrator.

Evaluation

There are three specific aspects to be considered in reviewing the progress of this Plan. Each of the following aspects requires the acquisition and analysis of a considerable amount of information before it can be effective.

- (a) The management of the Plan in terms of its costs, accomplishments and schedules can and must be measured through a variety of different methods. Objective performance indicators can be designed to gauge the relative success of the operation. The cost of information required for this assessment will be funded under the administration budget and much of the analysis will be carried out by management itself.
- (b) The economic impact on the Area must be measured to determine whether the broad objectives originally outlined in the Plan are being attained. This may require a substantial information gathering, storage and retrieval system. Continuity in the system is an important requirement and, to this end, it has been agreed that a long-term research program will be undertaken to pro-

vide the federal and provincial governments with an assessment of the effects of the Plan. The cost of this evaluation is expected to be \$250,000 over the 10-year period.

- (c) The operation of the Plan will inevitably have social effects that cannot be measured in economic or management terms. Here, too, information is to be collected and analyzed systematically over a long period of time.

Financial implementation

This Comprehensive Rural Development Plan is designed to improve substantially the levels of living of the people of the Area in terms of employment and income opportunities. To have greatest impact, it is essential that the nucleus of education, manpower and resource development programs be implemented concurrently.

In view of the high initial capital cost of implementing this package of programs, Canada will provide a grant of \$1,800,000 in five equal annual instalments, the first of which will be paid on the first anniversary of this Agreement, to assist in the general implementation of this Plan. The Province can also take advantage of capital loan provisions offered through the Occupational Training for Adults Program of the Canada Department of Manpower and Immigration and on-going programs of the Central Mortgage and Housing Corporation.

Schedule C

SUMMARY OF COSTS UNDER THE COMPREHENSIVE RURAL DEVELOPMENT AGREEMENT FOR THE INTERLAKE AREA OF MANITOBA

TABLE I—SHARED COSTS IN THOUSANDS

TYPE OF EXPENDITURE	Total Cost	Provincial Cost	Federal Cost		
			ARDA	FRED	Manpower
EDUCATION					
Residential Technical Vocational School.....	\$ 3,000	\$ 750			\$ 2,250
TOTAL EDUCATION.....	3,000	750			2,250
MANPOWER					
General Counsellors.....	3,000	300		\$ 2,700	750
Adult Education and Manpower Training Centre.....	1,000	250		375	75
Residential Facilities.....	500*	125			75
Portable Training Units.....	200	50			75
Portable Teacherages.....	75	19			56
Interlake Manpower Corps.....	3,000	300		2,700	90
Community Affairs.....	1,200	300		900	75
Resources Management.....	3,400	850		2,550	75
Training in Industry.....	500	125		375	75
TOTAL MANPOWER.....	12,875	2,319		9,600	956
DEVELOPMENT & STRUCTURAL ADJUSTMENT					
Agriculture:					
Land Acquisition.....	5,000	1,250	\$ 750	3,000	75
Drainage.....	7,000	2,800	750	3,450	60
Land Development.....	2,300	575	750	975	75
Fisheries:					
Fisheries Adjustment.....	500	125		375	75
Lake St. Martin Dam.....	500	125		375	75
Roads.....	8,850	3,540		5,310	60
Recreation.....	2,960	1,190	750	1,020	60
Industrial Park.....	400	200		200	50
TOTAL DEVELOPMENT & STRUCTURAL ADJUSTMENT.....	27,510	9,805	3,000†	14,705	

TYPE OF EXPENDITURE	Total Cost	Provincial Cost	Federal Cost			
			ARDA	FRED	Manpower	Percentage
GENERAL Research.....	250	82		168		66.67
Administration (including Public Information).....	2,000	667		1,333		66.67
TOTAL GENERAL.....	2,250	749		1,501		
TOTAL COST.....	45,635	13,623	3,000	25,806	3,206	
Implementation Grant.....		-1,800		+1,800		
TOTAL TABLE I.....	\$45,635	\$11,823	\$3,000	\$27,606	\$3,206	74.9

TABLE II—OTHER COSTS IN THOUSANDS

TYPE OF EXPENDITURE	Total Cost	Provincial Cost	Federal (Manpower)
EDUCATION			
Schools (Capital).....	4,700	4,700	
Schools (Operating).....	19,000x	19,000	
MANPOWER			
Occupational Training Allowances.....	12,250		12,250
Mobility Costs.....	3,500		3,500
TOTAL TABLE II.....	\$39,450	\$23,700	\$15,750

TABLE III—TOTAL COSTS IN THOUSANDS

TOTAL	Total Provincial	Total Federal
\$85,085	\$35,523	\$49,562

*The capital cost of these facilities is estimated at \$1,200,000. Central Mortgage and Housing Corporation may loan 90% of this capital cost or \$1,080,000 and the Province in this case would provide 10% or \$120,000. The Fund for Rural Economic Development could then share in 75% of the operating loss, including the amortization of the loan which is estimated at \$500,000 over the life of the Plan. The total non-recoverable cost for the Province over the 10-year life of the Plan is estimated at about \$125,000.

†The \$3,000,000 represents \$1,500,000 from the provincial allotment under the Federal-Provincial Rural Development Agreement (1965-1970) and anticipates a further allocation after 1970.

x This cost represents the increase in operating costs expected by the Province as a result of the capital investment called for by this Plan.

